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Three inner-Sydney districts contributed a quarter of Australia's GDP growth in 2015-16

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Three Sydney districts contributed nearly one-quarter of all the growth in Australia's economy last financial year as inner-city job hubs power ahead of the rest of the nation.

New analysis of district-level economic performance has revealed huge variations across the country.

Sydney's CBD area, the inner northern suburbs and the Ryde district together delivered 24 per cent of gross domestic product growth in 2015-16, research by consultancy group SGS Economics and Planning shows.

All three districts are within Sydney's "global economic corridor" which arcs from Macquarie Park through the CBD to Kingsford Smith airport. Many high value, knowledge-intensive industries have clustered in that corridor including finance, IT, professional services, engineering, research, healthcare, marketing and media. The Baulkham Hills and Hawkesbury district also registered very strong growth.

Things are pretty great ... as long as this is where you work.

Terry Rawnsley, an economist at SGS Economics and Planning and the report's author, said the city's booming construction and finance industries underpinned the strong performance.

"Inner Sydney is not only driving the Sydney economy but also the national economy," he said.

Inner Melbourne also stood out – it contributed 11.4 per cent of Australia's GDP growth last financial year.

But the report warned that the disparity in growth rates across the country was now greater than at any time during the mining boom.

The economies of five statistical districts in regional NSW contracted in 2015-16 including Riverina (-0.6 per cent), Murray (-0.5 per cent) and the Central West (-0.3 per cent)

While there were patches of strong economic growth in Western Sydney, it was hampered by the ongoing decline in manufacturing, one of the region's major employers. Manufacturing's share of Sydney's economy hit a record low of 5.7 per cent in 2015-16.

The slowest economic growth rates in the Sydney metropolitan area last financial year were in the statistical districts of Parramatta (2.3 per cent), Outer West (2.5 per cent) and South West (2.5 per cent).

Mr Rawnsley said the large disparity in growth rates presented a major challenge to the Reserve Bank.

"The RBA has to manage booming economies in Sydney and Melbourne while the rest of the country is struggling to grow in the face of a range of headwinds" he said.

Mr Rawnsley estimates that if the RBA was setting interest rates for Sydney alone the official cash rate would be 3.75 per cent not the current rate of 1.5 per cent.

Sydney's relative economic strength, combined with low interest rates, has contributed to the sharp rise in the city's property prices over the past four years.

"The lack of economic growth in the rest of the country is contributing to the squeeze on first time home buyers in Sydney," Mr Rawnsley said.

The report showed 10 relatively small geographical areas – mostly in Sydney and Melbourne – contributed more than half of Australia's GDP growth in 2015-16.

The statistical regions taking in Canberra and inner-Brisbane were also among the 10 biggest contributors to growth.

Mineral production in regional Western Australia contributed 6.5 per cent to GDP growth last financial year although that was well down on previous years when the construction of new mines added greatly to economic activity. The coal producing Bowen Basin region near Mackay added 2 per cent to national growth.

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